

Financial statements of

**Community Social Services
Employers' Association of B.C.**

March 31, 2013

Community Social Services Employers' Association of B.C.

March 31, 2013

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Independent Auditor's Report

To the Members of Community Social Services Employers' Association of B.C.

We have audited the accompanying financial statements of Community Social Services Employers' Association of B.C., which comprise the statement of financial position as at March 31, 2013, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year ended March 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statement of financial position of Community Social Services Employers' Association of B.C. as at March 31, 2013, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year ended March 31, 2013 are prepared, in all material respects, in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Emphasis of Matter

We draw attention to Note 2 (a) to the financial statements which describes the basis of accounting used in the preparation of these financial statements and the difference between the basis of accounting and Canadian Public Sector Accounting Standards. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

The Society Act (British Columbia) requires that the audit opinion state that the financial statements present fairly the financial position of the Society and the results of its operations for the period under audit. As Community Social Services Employers' Association of B.C.'s financial statements are prepared in accordance with a compliance framework as described in Note 2 (a), Canadian generally accepted auditing standards do not permit the use of a fair presentation opinion on the financial statements.

As required by the Society Act (British Columbia), we report that, in our opinion, these financial statements are presented on a basis consistent with that of the previous year.

A handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

Chartered Accountants
Vancouver, British Columbia
May 15, 2013

Community Social Services Employers' Association of B.C.

Statement of operations and accumulated surplus
year ended March 31, 2013

	2013 Budget	2013 Actual	2012 Actual
	\$	\$	\$
Revenues			
Provincial Operating Grant	2,469,255	2,473,447	3,048,937
Fees	217,050	235,731	230,572
Sales	250	250	525
Interest	26,400	38,905	39,695
	2,712,955	2,748,333	3,319,729
Expenses (Note 6)			
Human Resource and Labour Relations Services	1,253,670	1,148,120	1,392,649
General	1,192,246	1,238,636	902,449
Research and Knowledge Management	454,009	509,787	252,752
Bargaining	307,453	354,611	275,611
Membership	166,868	145,555	342,707
	3,374,246	3,396,709	3,166,168
(Deficiency) excess of revenues over expenses	(661,291)	(648,376)	153,561
Accumulated surplus, beginning of year	2,156,896	2,156,896	2,003,335
Accumulated surplus, end of year (Note 7)	1,495,605	1,508,520	2,156,896

Community Social Services Employers' Association of B.C.

Statement of financial position
as at March 31, 2013

	March 31, 2013	March 31, 2012
	\$	\$
Financial assets		
Cash and cash equivalents	1,758,210	2,636,444
Accounts receivable	111,497	119,943
	1,869,707	2,756,387
Liabilities		
Accounts payable and accrued liabilities	400,332	587,578
Deferred revenue	8,905	13,409
Tenant inducements	78,368	94,751
Obligations under capital lease (Note 3)	28,904	23,192
	516,509	718,930
Net financial assets	1,353,198	2,037,457
Non-financial assets		
Tangible capital assets (Note 4 and Schedule 1)	114,901	67,707
Prepaid expenses	40,421	51,732
	155,322	119,439
Accumulated surplus (Schedules 2 and 3)	1,508,520	2,156,896

Commitments (Note 5)

Approved by the Board of Directors

J.W. (Bill) Fildes, Chair

William Dartnell, Treasurer

Community Social Services Employers' Association of B.C.

Statement of changes in net financial assets year ended March 31, 2013

	2013 Budget	2013 Actual	2012 Actual
	\$	\$	\$
(Deficiency) excess of revenues over expenses for the year	(661,291)	(648,376)	153,561
Acquisition of tangible capital assets	(51,083)	(88,107)	(5,003)
Disposal of tangible capital assets	-	8,102	-
Amortization of tangible capital assets	22,178	32,811	23,986
Acquisition of prepaid expenses	-	(157,718)	(161,989)
Use of prepaid expenses	-	169,029	174,428
(Decrease) increase in net financial assets	(690,196)	(684,259)	184,983
Net financial assets, beginning of year	2,037,457	2,037,457	1,852,474
Net financial assets, end of the year	1,347,261	1,353,198	2,037,457

Community Social Services Employers' Association of B.C.

Statement of cash flows year ended March 31, 2013

	2013	2012
	\$	\$
Operating activities		
Excess (deficiency) of revenues over expenses	(648,376)	153,561
Items not affecting cash		
Amortization of tenant inducements	(16,383)	(15,284)
Amortization of tangible capital assets	32,811	23,986
	(631,948)	162,263
Changes in non-cash working capital		
Accounts receivable	8,446	78,978
Accounts payable and accrued liabilities	(187,246)	491,112
Deferred revenue	(4,504)	(566,428)
Prepaid expenses	11,311	12,439
	(803,941)	178,364
Capital activity		
Acquisition of tangible capital assets	(64,049)	(5,003)
	(64,049)	(5,003)
Financing activity		
Capital lease repayments	(10,244)	(7,270)
Net cash (outflow) inflow	(878,234)	166,091
Cash and cash equivalents, beginning of year	2,636,444	2,470,353
Cash and cash equivalents, end of year	1,758,210	2,636,444
Cash and cash equivalents consist of		
Cash	5,984	134,304
Cash equivalents	1,752,226	2,502,140
	1,758,210	2,636,444
Supplemental cash flow information		
Acquisition of office equipment through capital lease	24,058	-
Disposal of office equipment through capital lease obligation	8,102	-

Community Social Services Employers' Association of B.C.

Notes to the financial statements

March 31, 2013

1. Incorporation and nature of operations

The Community Social Services Employers' Association of B.C. (the "Association") was constituted on January 13, 1994 under the Society Act of British Columbia, to coordinate and provide human resource planning and development and labour relations management services to its members. The Association is a non-taxable entity as defined by the Income Tax Act.

2. Significant accounting policies

(a) Basis of accounting

These financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of British Columbia that requires the accounting policies and practices of government organizations to conform to generally accepted accounting principles for senior governments in Canada, as modified by any alternative standard or guideline that is made by the Treasury Board. The Canadian Public Sector Accounting Standards ("PSAS") are the generally accepted accounting principles for senior governments in Canada.

In November 2011, a Treasury Board regulation was issued that requires tax-payer supported organizations to adopt the accounting policies for capital contributions and other restricted contributions described in Note 2 (b). The accounting policies under PSAS require that government transfers with stipulations be recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. Any such liability is reduced, and an equivalent amount of revenue is recognized, as the liability is settled. In relation to the Association's financial statements as at March 31, 2013 and March 31, 2012, and for the years ended March 31, 2013 and March 31, 2012, there were no differences between the basis of accounting described above and PSAS as the Association did not receive capital contributions.

(b) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers for operating purposes are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the liabilities are settled.

Government transfers received for the purpose of developing or acquiring a depreciable tangible capital asset, or in the form of a depreciable tangible capital asset, are deferred and recognized as revenue at the same rate as the amortization, and any impairment, of the tangible capital asset.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service performed.

Community Social Services Employers' Association of B.C.

Notes to the financial statements

March 31, 2013

2. Significant accounting policies (continued)

(c) Accumulated surplus

Various funds are included in the accumulated surplus. These funds are not presented separately in the statement of operations or on the statement of financial position but are presented on a consolidated basis, with any interfund balances and transactions eliminated. The various funds include the following:

(i) Unrestricted accumulated surplus

(ii) Capital assets fund

The purpose of this fund is the maintenance and replacement of all capital assets and software.

(iii) Bargaining fund

The purpose of this fund is the delivery of collective bargaining objectives.

(d) Segments

The Association has five segments which are detailed in Schedules 2 and 3. The Association provides human resources and labour relations services to public sector social services agencies. Reporting segments are specified by the association as major categories of these services. The segments, nature of the segments and the activities of the segments are noted below:

(i) Human Resource and Labour Relations services involve interpretation of employment standards, human rights and WorkSafeBC, discipline and dismissal, attendance management, harassment in the workplace, performance management, recruitment and selection, certification, decertification and other proceedings at the Labour Relations Board and dispute resolution through the Labour Relations Board. Revenue is in the form of fees received for services and expenses are related to the direct costs of providing these services.

(ii) The General services includes the costs of providing the governance and administration operations of the organization. Revenue for these services are provided by provincial government funding.

(iii) Membership services include meeting, consulting and training fee revenue and the related direct expenses of providing these services.

(iv) Bargaining includes all functions related to the bargaining of sectoral collective agreements, interpretation, settlement and costing for the social service sector. Revenue is provided by provincial government and costs are allocated based on direct expenses of providing bargaining services including wages and benefits, consulting, travel, meeting and miscellaneous expenses.

(v) Research and Knowledge Management service provides data and statistics for the Community Social Services Sector and reports on trends and issues within our membership and the sector. Expenses include the direct costs of providing the services.

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and term deposits with an original maturity of ninety days or less, recorded at cost, and with an interest rate ranging from 1.55% to 1.75% per annum.

Community Social Services Employers' Association of B.C.

Notes to the financial statements

March 31, 2013

2. Significant accounting policies (continued)

(f) *Tangible capital assets including capital leases*

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is determined at rates which will reduce original cost to estimated residual value over the useful life of the asset. The annual rates used to compute amortization are as follows:

Leased office equipment	5 years straight line
Furniture and fixtures	20% declining balance method
Computer and communication equipment	3 years straight-line
Leasehold improvements	Over the term of the lease

When conditions indicate that a tangible capital asset no longer contributes to the ability to provide goods or services, or that the value of future economic benefits is less than its book value, the carrying value of the asset is reduced to reflect the decline in value.

Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the Association's rate for incremental borrowing or the interest rate implicit in the lease.

(g) *Tenant inducements*

Tenant inducements represent lease allowances received from the landlord and are amortized on a straight-line basis over the term of the lease as a reduction of occupancy expense.

(h) *Financial instruments*

Derivatives and equity instruments quoted in an active market are measured at fair value. The Association does not have these instruments. All other financial assets and financial liabilities, except for obligations under capital lease, are measured at cost. Obligations under capital lease are measured at amortized cost.

Financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

(i) *Use of estimates*

The preparation of financial statements in conformity section 23.1 of the Budget and Accountability Act of British Columbia requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities for the reporting period. Significant estimates used in the preparation of these financial statements include the determination of the collectibility of accounts receivable, the useful lives of tangible capital assets, the determination of accounts payable and accrued liabilities and revenue recognition. Actual results could differ from those estimates.

Community Social Services Employers' Association of B.C.

Notes to the financial statements

March 31, 2013

3. Obligation under capital lease

The equipment leases entered into by the Association expire in 2017. The minimum lease payments required under the agreement are as follows:

	March 31, 2013
	\$
2014	11,140
2015	9,721
2016	5,461
2017	5,461
	<u>31,783</u>
Less: Amount representing interest ranging from 5.5% to 7.9% per annum	(2,879)
	<u>28,904</u>

Under the terms of the lease, the Association is responsible for additional per copy maintenance fees.

4. Tangible capital assets (Schedule 1)

	March 31, 2013	March 31, 2012
	Net book value	Net book value
	\$	\$
Leased office equipment	28,073	21,615
Furniture and fixtures	25,768	5,140
Computer and communication equipment	27,534	3,336
Leasehold improvements	33,526	37,616
	<u>114,901</u>	<u>67,707</u>

5. Commitments

- (a) The Association has a \$100,000 line of credit bearing interest at prime plus 3%. As at March 31, 2013, \$Nil was outstanding on the line of credit (2012 - \$Nil).
- (b) The Association entered into a lease expiring September 30, 2015. The base rental commitments are as follows:

	March 31, 2013
	\$
2014	88,639
2015	91,695
2016	45,848
	<u>226,182</u>

Community Social Services Employers' Association of B.C.

Notes to the financial statements

March 31, 2013

6. Expenses by object

	2013	2012
	\$	\$
Salaries and benefits	2,080,671	1,973,758
Consulting	339,984	383,043
Travel and training	233,761	185,151
Legal, accounting and other professional services	221,881	128,345
Occupancy	211,028	182,532
Directors and committees	82,107	135,499
Non-recoverable HST	66,507	58,497
Telephone and facsimile	45,820	33,893
Amortization	32,811	23,986
Office supplies	32,503	10,871
Equipment	22,749	15,599
Photocopy and printing	16,239	21,681
Member education	6,378	8,300
Delivery	4,270	5,013
	3,396,709	3,166,168

7. Accumulated surplus

	March 31,	March 31,
	2013	2012
	\$	\$
Unrestricted accumulated surplus	1,012,752	1,273,706
Capital assets fund	275,166	307,977
Bargaining fund	220,602	575,213
	1,508,520	2,156,896

8. Pension plan

The Association and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Plan is a multi-employer defined benefit plan. The Board of Trustees, representing Plan members and employers, is responsible for overseeing the management of the Plan. The Plan has about 176,000 active members and approximately 67,000 retired members.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan. The most recent valuation as at December 31, 2009 indicated an unfunded liability of approximately \$1.024 million. In the event of an unfunded liability, the Board of Trustees is required to address it through contribution adjustments shared equally by the Plan members and employers. The next valuation will be as of December 31, 2012. As of the financial statement date, the valuation is yet to be completed. The Association paid \$141,839 for employers' contributions to the Plan in fiscal 2013 (2012 - \$148,584).

Community Social Services Employers' Association of B.C.

Notes to the financial statements

March 31, 2013

9. Financial instruments and financial risk

(a) *Fair values*

The Association's financial instruments include cash, cash equivalents, accounts receivable, and accounts payable. The fair values of these financial instruments other than the obligation under capital lease approximate their carrying values due to their short-term nature.

(b) *Credit risk*

The Association has limited exposure to credit risk associated with its cash, cash equivalents, and accounts receivable. The Association is not exposed to significant credit risk as the receivables are due from governments. Cash is held with a Canadian credit union. The Association's maximum exposure to credit risk is \$1,869,707(2012 - \$2,756,387).

(c) *Interest rate risk*

The Association is not exposed to significant interest rate risk due to the short-term maturity of its financial assets and liabilities.

(d) *Liquidity risk*

The Association does not have significant liquidity risk as it has sufficient cash to meet its liabilities as they come due. Accounts payable are all due within one year.

Community Social Services Employers' Association of B.C.

Schedule 1

Schedule of tangible capital assets
as at March 31, 2013

	Leased office equipment	Furniture and fixtures	Computer and communication equipment	Leasehold improvements	Total
	\$	\$	\$	\$	\$
Cost					
As at April 1, 2012	39,552	147,931	7,211	189,659	384,353
Additions	24,058	22,933	34,199	6,917	88,107
Disposals	(14,532)	-	(2,208)	-	(16,740)
	49,078	170,864	39,202	196,576	455,720
Accumulated amortization					
As at April 1, 2012	17,937	142,791	3,875	152,043	316,646
Additions	9,498	2,305	10,001	11,007	32,811
Disposals	(6,430)	-	(2,208)	-	(8,638)
	21,005	145,096	11,668	163,050	340,819
Net book value, March 31, 2013	28,073	25,768	27,534	33,526	114,901

	Leased office equipment	Furniture and fixtures	Computer and communication equipment	Leasehold improvements	Total
	\$	\$	\$	\$	\$
Cost					
As at April 1, 2011	39,552	147,931	429,006	189,659	806,148
Additions	-	-	5,003	-	5,003
Disposals	-	-	(426,798)	-	(426,798)
	39,552	147,931	7,211	189,659	384,353
Accumulated amortization					
As at April 1, 2011	9,888	141,506	426,798	141,266	719,458
Additions	8,049	1,285	3,875	10,777	23,986
Disposals	-	-	(426,798)	-	(426,798)
	17,937	142,791	3,875	152,043	316,646
Net book value, March 31, 2012	21,615	5,140	3,336	37,616	67,707

Community Social Services Employers' Association of B.C.

Schedule 2

Schedule of segment disclosure
year ended March 31, 2013

	Human					2013 \$
	Resource and Labour Relations Services \$	General \$	Research and Knowledge Management \$	Bargaining \$	Membership \$	
Revenues						
Provincial Operating Grant	-	2,473,447	-	-	-	2,473,447
Fees	126,468	-	-	-	109,263	235,731
Sales	-	-	-	-	250	250
Interest	-	38,905	-	-	-	38,905
	126,468	2,512,352	-	-	109,513	2,748,333
Expenses						
Salaries and benefits	962,003	756,325	276,201	65,008	21,133	2,080,671
Consulting	2,034	71,738	141,341	90,081	34,790	339,984
Travel and training	102,217	32,204	4,761	93,533	1,046	233,761
Legal, accounting and other professional services	48,040	17,065	56,247	92,440	8,088	221,881
Occupancy	-	211,028	-	-	-	211,028
Directors and committees	2,519	21,614	1,762	892	55,320	82,107
Non-recoverable HST	9,807	25,862	13,555	10,885	6,399	66,507
Telephone and facsimile	9,639	33,017	3,164	-	-	45,820
Amortization	-	32,811	-	-	-	32,811
Office supplies	11,508	14,723	5,387	165	721	32,503
Equipment	-	8,238	6,486	918	7,106	22,749
Photocopy and printing	354	10,089	883	340	4,574	16,239
Member education	-	-	-	-	6,378	6,378
Delivery	-	3,922	-	348	-	4,270
	1,148,120	1,238,636	509,787	354,611	145,555	3,396,709
(Deficiency) surplus for the year						
Accumulated surplus, beginning of year	(1,021,652)	1,273,716	(509,787)	(354,611)	(36,042)	(648,376)
Accumulated surplus, end of year						
						2,156,896
						1,508,520

See accompanying notes to the financial statements.

Community Social Services Employers' Association of B.C.

Schedule 3

Schedule of segment disclosure
year ended March 31, 2012

	Human Resource and Labour Relations Services					Research and Knowledge Management			Bargaining		Membership	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues												
Provincial Operating Grant	-	-	3,035,937	-	-	-	-	-	-	-	-	3,048,937
Fees	159,387	-	-	-	-	-	-	-	-	71,185	-	230,572
Sales	-	-	-	-	-	-	-	-	-	525	-	525
Interest	-	-	39,695	-	-	-	-	-	-	-	-	39,695
	159,387	159,387	3,075,632	13,000	13,000	204,034	43,379	7,763	57,259	71,710	71,710	3,319,729
Expenses												
Salaries and benefits	1,169,441	-	432,901	165,118	-	-	-	-	-	-	-	1,973,758
Consulting	94,133	-	85,787	61,462	-	-	-	-	-	-	-	383,043
Travel and training	69,493	-	42,657	8,603	-	-	-	-	-	-	-	185,151
Occupancy	-	-	182,532	-	-	-	-	-	-	-	-	182,532
Directors and committees	2,942	-	33,361	217	-	-	-	-	-	-	-	135,499
Legal, accounting and other professional services	36,365	-	14,279	9,499	-	-	-	-	-	-	-	128,345
Non-recoverable HST	9,607	-	24,984	4,415	-	-	-	-	-	-	-	58,497
Telephone and facsimile	-	-	33,893	-	-	-	-	-	-	-	-	33,893
Amortization	-	-	23,986	-	-	-	-	-	-	-	-	23,986
Photocopy and printing	8,575	-	8,559	-	-	-	-	-	-	-	-	21,681
Equipment	-	-	6,666	-	-	-	-	-	-	-	-	15,599
Office supplies	2,093	-	7,913	-	-	-	-	-	-	-	-	10,871
Member education	-	-	-	3,438	-	-	-	-	-	-	-	8,300
Delivery	-	-	4,931	-	-	-	-	-	-	-	-	5,013
	1,392,649	1,392,649	902,449	252,752	252,752	275,611	342,707	342,707	342,707	342,707	342,707	3,166,168
(Deficiency) surplus for the year												
Accumulated surplus, beginning of year												153,561
Accumulated surplus, end of year												2,003,335
												2,156,896

See accompanying notes to the financial statements.